

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name: Charter Township of West Bloomfield	County Oakland
Audit Date December 31, 2005	Opinion Date April 13, 2006	Date Accountant Report Submitted To State: July 31, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132]) |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): Plante & Moran, PLLC			
Street Address 111 E. Court Street, Suite 1A	City Flint	State MI	ZIP 48502-1647
Accountant Signature <i>Plante & Moran, PLLC</i>			

Charter Township of West Bloomfield Oakland County, Michigan

**Financial Report
with Supplemental Information
December 31, 2005**

Charter Township of West Bloomfield

Contents

Report Letter	I
Management's Discussion and Analysis	2-7
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	8
Statement of Activities	9-10
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	11
Reconciliation of the Balance Sheet to the Statement of Net Assets	12
Statement of Revenue, Expenditures, and Changes in Fund Balances	13
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Proprietary Fund - Water and Sewer Fund:	
Statement of Net Assets	15
Statement of Revenue, Expenses, and Changes in Net Assets	16
Statement of Cash Flows	17
Fiduciary Funds:	
Statement of Net Assets	18
Statement of Changes in Net Assets	19
Notes to Financial Statements	20-42
Required Supplemental Information	43
Budgetary Comparison Schedule - General Fund	44-45
Budgetary Comparison Schedule - Major Special Revenue Funds	46-47
Note to Required Supplemental Information	48

Charter Township of West Bloomfield

Contents (Continued)

Other Supplemental Information	49
Nonmajor Governmental Funds:	
Combining Balance Sheet	50-51
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	52-53
Combining Statement of Net Assets - Pension and Other Employee Benefit Trust Funds	54
Combining Statement of Assets and Liabilities - Agency Funds	55
Combining Statement of Changes in Net Assets - Pension and Other Employee Benefit Trust Funds	56



Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
Charter Township of West Bloomfield
Oakland County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of West Bloomfield as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of West Bloomfield as of December 31, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

April 13, 2006

A member of



A worldwide association of independent accounting firms

Charter Township of West Bloomfield

Management's Discussion and Analysis

Our discussion and analysis of the Charter Township of West Bloomfield's financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended December 31, 2005. Please read this in conjunction with the Township's financial statements.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements, by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Governmental Activities

The governmental activities represent all activities of the Township other than its Water and Sewer Fund (reported as business-type activities) and its fiduciary activities (funds held for the benefit of others, such as pension assets and retiree health care assets held for the payment of future employee benefits). The following table shows, in a condensed format, the net assets of the governmental activities as of December 31, 2005, and changes in net assets, compared to the prior year:

	2003	2004	2005	Current Year	
				Change	Percent
Net Assets					
Capital assets	\$ 19,582,750	\$ 23,680,233	\$ 24,077,625	\$ 397,392	1.7
Other assets	51,860,987	47,138,307	47,009,734	(128,573)	(0.3)
Total assets	71,443,737	70,818,540	71,087,359	268,819	0.4
Liabilities					
Long-term liabilities	11,244,600	9,637,026	8,400,779	(1,236,247)	(12.8)
Unearned revenue	23,066,220	23,659,240	25,897,069	2,237,829	9.5
Other liabilities	4,497,191	3,926,494	3,351,977	(574,517)	(14.6)
Total liabilities	38,808,011	37,222,760	37,649,825	427,065	1.1

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

	2003	2004	2005	Current Year	
				Change	Percent
Net Assets					
Invested in capital assets -					
Net of related debt	\$ 17,804,467	\$ 22,420,233	\$ 23,242,625	\$ 822,392	3.7
Restricted	7,451,943	4,940,811	5,582,619	641,808	13.0
Unrestricted	7,379,316	6,234,736	4,612,290	(1,622,446)	(26.0)
Total net assets	\$ 32,635,726	\$ 33,595,780	\$ 33,437,534	\$ (158,246)	(0.5)
	2003	2004	2005	Current Year	
				Change	Percent
Change in Net Assets					
Revenue:					
Program revenue:					
Charges for services	\$ 3,298,640	\$ 4,515,191	\$ 4,286,876	\$ (228,315)	(5.1)
Operating grants and contributions	2,131,790	637,335	1,861,038	1,223,703	192.0
Capital grants and contributions	269,919	118,870	457,645	338,775	285.0
General revenue:					
Property taxes	22,093,522	22,939,630	23,562,790	623,160	2.7
State-shared revenue	5,195,691	4,962,568	4,917,038	(45,530)	(0.9)
Investment earnings	430,466	409,834	943,275	533,441	130.2
Franchise fees	647,884	745,615	781,117	35,502	4.8
Cell tower lease	250,290	234,275	248,727	14,452	6.2
Other revenue	69,561	18,063	74,854	56,791	314.4
Total revenue	34,387,763	34,581,381	37,133,360	2,551,979	7.4
Program expenses:					
General government	7,435,188	5,519,533	6,574,640	1,055,107	19.1
District Court	838,927	1,212,563	1,158,286	(54,277)	(4.5)
Public safety	21,508,974	23,569,519	26,308,171	2,738,652	11.6
Public works	769,738	1,340,490	1,214,226	(126,264)	(9.4)
Community and economic development	1,239,598	1,208,657	1,199,151	(9,506)	(0.8)
Recreation and culture	315,306	302,785	431,925	129,140	42.7
Interest on long-term debt	350,149	462,891	396,232	(66,659)	(14.4)
Total program expenses	32,457,880	33,616,438	37,282,631	3,666,193	10.9
Excess of Revenue Over Expenses	1,929,883	964,943	(149,271)	(1,114,214)	(115.5)
Transfers	-	(7,390)	(8,971)	(1,581)	21.4
Change in Net Assets	\$ 1,929,883	\$ 957,553	\$ (158,242)	\$ (1,115,795)	(116.5)

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

The Township's governmental net assets decreased approximately \$158,000 from a year ago - from \$33.6 million to \$33.4 million. As discussed below, this is attributable primarily to continued investment in the Township's infrastructure (current funding of the acquisition and construction of capital assets which will benefit the Township residents over the coming years). Unrestricted net assets (the part of net assets that can be used to finance day-to-day operations) decreased by approximately \$1.6 million. This is generally consistent with the reduction in fund balances of the unrestricted governmental funds, such as the General Fund and Public Improvement and Building Fund.

The current level of unrestricted net assets for our governmental activities stands at approximately \$4.7 million, or about 15 percent of general revenues (excluding any extraordinary items).

During 2002, the Township's voters approved an extension of the Township's special-voted millage for police and fire services, as well as an increase in the amount of the levy from 1.90 mills to 3.22 mills. As a result of this millage, the Township has increased its police and fire staffing levels, improved the police department facility, and built fire station number 5. In addition, effective July 1, 2003, the Township began a joint venture with the cities of Keego Harbor, Orchard Lake Village, and Sylvan Lake that will provide substantially increased services to the Township's northeast section. This joint venture has been a significant component of the increased costs of the Public Safety Fund.

In 2005, the Township began transporting all patients from EMS runs to hospitals and billing them. This is expected to generate revenue of \$750,000 in 2006.

General government expenses were increased significantly during 2005. Most of the increase is attributable to the full staffing of a new fire station.

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

Business-type Activities

The Township's business-type activities consist of the Water and Sewer Fund. The following table shows, in a condensed format, the net assets of the business-type activities as of December 31, 2005, and changes in net assets, compared to the prior year:

	2003	2004	2005	Current Year	
				Change	Percent
Assets					
Capital assets	\$ 94,727,098	\$ 96,492,376	\$ 95,919,624	\$ (572,752)	(0.6)
Other assets	21,724,135	19,489,388	20,949,878	1,460,490	7.5
Total assets	116,451,233	115,981,764	116,869,502	887,738	0.8
Liabilities					
Long-term liabilities	2,252,135	1,853,605	1,463,828	(389,777)	(21.0)
Other liabilities	2,229,991	2,762,243	2,611,166	(151,077)	(5.5)
Total liabilities	4,482,126	4,615,848	4,074,994	(540,854)	(11.7)
Net Assets					
Invested in capital assets - Net of related debt	92,167,755	94,240,241	94,066,019	(174,222)	(0.2)
Restricted	15,145,064	12,422,441	12,215,713	(206,728)	(1.7)
Unrestricted	4,656,288	4,703,234	6,512,776	1,809,542	38.5
Total net assets	<u>\$ 111,969,107</u>	<u>\$ 111,365,916</u>	<u>\$ 112,794,508</u>	<u>\$ 1,428,592</u>	1.3
Change in Net Assets					
Charges for services	\$ 16,693,352	\$ 16,206,985	\$ 19,496,184	\$ 3,289,199	20.3
Operating expenses exclusive of depreciation	17,145,551	15,759,697	17,714,539	1,954,842	12.4
Depreciation	1,905,117	1,959,640	1,973,441	13,801	0.7
Operating Loss	(2,357,316)	(1,512,352)	(191,796)	1,320,556	(87.3)
Nonoperating income	261,389	207,450	381,185	173,735	83.7
Capital contributions	1,882,887	694,321	1,226,046	531,725	76.6
Interfund transfers	-	7,390	8,971	1,581	21.4
Change in Net Assets	<u>\$ (213,040)</u>	<u>\$ (603,191)</u>	<u>\$ 1,424,406</u>	<u>\$ 2,027,597</u>	(336.1)

Business-type net assets (the Water and Sewer Fund) increased approximately \$1.4 million from the prior year. The unrestricted portion of net assets is approximately \$6.5 million, which is approximately \$1.8 million more than last year, and equal to the target set by the Township to operate the system efficiently. As discussed below, this is the result of higher usage, net of increased costs during the 2005 fiscal year.

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

Usage fees were increased in 2005, consistent with increases from the Detroit Water and Sewer system. During 2005, water usage increased approximately 10 percent. Most of this was attributable to dry weather patterns. As a result, the water and sewer system experienced an operating loss of approximately \$192,000; however, before depreciation there was a surplus of \$1.8 million (consistent with the increase in unrestricted assets of \$1.8 million).

The Township's Funds

Our analysis of the Township's major funds follows the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2005 include the General Fund, the Public Safety Fund, and the Public Improvement and Building Fund.

The General Fund pays for most of the Township's governmental services. The most significant are police and fire, followed by general government, building inspections, and District Court. The police and fire costs are paid from a combination of the General Fund and the Public Safety Fund. This latter fund accounts for proceeds of a special public safety millage, and is used solely to pay for facilities, equipment, and increased staffing since the initial millage was enacted.

The General Fund is supported primarily by general property taxes and state-shared revenue. The Public Safety Fund accounts for the collection of the special-voted millage for police and fire services. The Public Improvement and Building Fund accounts for funds set aside from the General Fund for future capital outlay. The purpose is to accumulate the necessary amounts to fund capital outlay on an even basis over the years, so as not to require unusual General Fund spending in any one year.

General Fund Budgetary Highlights

Over the course of the year, the Township amended the budget to take into account events during the year. The most significant change was to decrease the interfund transfer from the Public Safety Fund. The reason for this was to coincide with the change in police and fire expenditure budgeting. Prior to 2004, most police and fire costs were paid out of the General Fund; beginning with the 2004 amended budget, costs paid for out of the special millage are charged directly to the Public Safety Fund budget.

In addition, there were appropriation reductions in most departments. As a result of these cost reductions, the General Fund experienced a shortfall of \$409,000 (as compared to the budgeted shortfall of approximately \$641,000).

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

Capital Asset and Debt Administration

At the end of 2005, the Township had \$120 million invested in a broad range of capital assets, including buildings, bike paths, police and fire equipment, and water and sewer lines. During the current year, the Township continued one significant project, the construction of bike safety paths.

Economic Factors and Next Year's Budgets and Rates

The Township's 2006 fiscal year budget calls for a continued freeze on hiring new employees, and further reductions in any nonessential costs. This is necessary because of the continued shortfall in state-shared revenue, as well as the increases in employee health care coverage costs.

The Township is converting to a self-insured prescription, dental, and optical benefit program; this is expected to result in substantial savings in 2006 and beyond.

It is anticipated that during 2006 the water and sewer system will be raising its rates. The increase is intended to return the water and sewer system to the desired level of working capital over a two-year period.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Clerk's office.

Charter Township of West Bloomfield

Statement of Net Assets December 31, 2005

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments (Note 3)	\$ 23,718,137	\$ 4,676,959	\$ 28,395,096
Current receivables (Note 4)	14,540,645	4,371,744	18,912,389
Internal balances (Note 6)	328,680	(328,680)	-
Special assessments receivable	586,872	-	586,872
Lease receivable	6,770,000	-	6,770,000
Net pension asset (Note 10)	1,065,400	-	1,065,400
Restricted assets (Note 8)	-	12,229,855	12,229,855
Capital assets - Net (Note 5)	24,077,625	95,919,624	119,997,249
Total assets	71,087,359	116,869,502	187,956,861
Liabilities			
Accounts payable	846,060	2,047,019	2,893,079
Accrued and other liabilities	550,109	174,255	724,364
Due to fiduciary funds (postretirement)	261,098	115	261,213
Unearned revenue (Note 4)	25,897,069	-	25,897,069
Long-term debt (Note 7):			
Due within one year	1,540,000	389,777	1,929,777
Due in more than one year	6,065,000	1,463,828	7,528,828
Capital lease payable (Note 7):			
Due within one year	54,710	-	54,710
Due in more than one year	-	-	-
Compensated absences and general liability claims:			
Due within one year	100,000	-	100,000
Due in more than one year	2,335,779	-	2,335,779
Total liabilities	37,649,825	4,074,994	41,724,819
Net Assets			
Invested in capital assets - Net of related debt	23,242,625	94,066,019	117,308,644
Restricted:			
Public safety	3,049,870	-	3,049,870
Drug enforcement	993,957	-	993,957
Debt service and capital improvements	-	12,215,713	12,215,713
Special assessments	1,533,606	-	1,533,606
Other purposes	5,186	-	5,186
Unrestricted	4,612,290	6,512,776	11,125,066
Total net assets	\$ 33,437,534	\$ 112,794,508	\$ 146,232,042

Charter Township of West Bloomfield

Statement of Activities Year Ended December 31, 2005

		Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Expenses					
Functions/Programs					
Governmental activities:					
General government	\$ 6,574,640	\$ 312,081	\$ 983,842	\$ -	\$ (5,278,717)
District Court	1,158,286	791,646	-	-	(366,640)
Public safety:					
Police	12,755,767	846,762	516,852	-	(11,392,153)
Fire and EMS	11,961,346	902,563	-	-	(11,058,783)
Building inspections (Note 2)	1,111,197	1,144,550	-	-	33,353
Code enforcement	479,861	-	-	-	(479,861)
Public works:					
Special assessment projects	555,614	-	-	457,645	(97,969)
Road projects	54,743	-	-	-	(54,743)
Bike paths/Safety paths	114,867	-	-	-	(114,867)
Tree spraying	36,573	-	-	-	(36,573)
Street lighting	71,765	28,868	-	-	(42,897)
Drain projects	12,095	-	-	-	(12,095)
Hazardous waste, community assistance, and other	368,569	-	-	-	(368,569)
Community and economic development:					
Engineering	312,490	187,817	-	-	(124,673)
Environmental enforcement	374,365	38,670	-	-	(335,695)
Planning and zoning	512,296	33,919	-	-	(478,377)
Recreation and culture - Cable television	431,925	-	360,344	-	(71,581)
Interest on long-term debt	396,232	-	-	-	(396,232)
Total governmental activities	37,282,631	4,286,876	1,861,038	457,645	(30,677,072)
Business-type activities - Water and sewer	19,786,506	19,496,184	-	1,226,046	935,724
Total functions/programs	57,069,137	23,783,060	1,861,038	1,683,691	(29,741,348)

(Continued on next page)

Charter Township of West Bloomfield

Statement of Activities (Continued) Year Ended December 31, 2005

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
Net (Expense) Revenue - From previous page	\$ (30,677,072)	\$ 935,724	\$ (29,741,348)
General Revenue			
Property taxes	23,562,790	-	23,562,790
State-shared revenues	4,917,038	-	4,917,038
Investment earnings	943,275	479,711	1,422,986
Franchise fees	781,117	-	781,117
Cell tower lease	248,727	-	248,727
Other unrestricted revenues	74,854	-	74,854
Total general revenues	30,527,801	479,711	31,007,512
Excess of Revenue Over (Under) Expenses	(149,271)	1,415,435	1,266,164
Interfund Transfers	(8,971)	8,971	-
Change in Net Assets	(158,242)	1,424,406	1,266,164
Net Assets			
Beginning of year	33,595,776	111,370,102	144,965,878
End of year	<u>\$ 33,437,534</u>	<u>\$ 112,794,508</u>	<u>\$ 146,232,042</u>

Charter Township of West Bloomfield

Governmental Funds Balance Sheet December 31, 2005

	General	Public Safety	Public Improvement and Building	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 9,819,611	\$ 9,465,099	\$ 376,787	\$ 4,056,640	\$ 23,718,137
Accounts receivables:					
Property taxes	6,095,614	5,823,625	-	556,111	12,475,350
Special assessments	-	-	-	586,872	586,872
Other governmental units	141,112	56,705	139,009	19,560	356,386
Interest and other	517,330	28,887	190,366	104,644	841,227
Due from other funds	869,510	-	52,918	3,349	925,777
Total assets	<u>\$ 17,443,177</u>	<u>\$ 15,374,316</u>	<u>\$ 759,080</u>	<u>\$ 5,327,176</u>	<u>\$ 38,903,749</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 413,263	\$ 51,424	\$ 80,680	\$ 85,893	\$ 631,260
Accrued wages and payroll taxes	342,838	111,051	-	-	453,889
Due to other funds	31,094	95,838	24,754	706,509	858,195
Due to other governmental units	-	-	-	16,083	16,083
Deferred revenue	12,738,995	12,066,133	-	1,738,815	26,543,943
Deposits	4,213	-	-	12,799	17,012
Total liabilities	13,530,403	12,324,446	105,434	2,560,099	28,520,382
Fund Balances - Unreserved -					
Reported in					
General Fund	3,912,774	-	-	-	3,912,774
Special Revenue Funds	-	3,049,870	653,646	1,915,654	5,619,170
Debt Service Funds	-	-	-	442,858	442,858
Capital Projects Funds	-	-	-	408,565	408,565
Total fund balances	<u>3,912,774</u>	<u>3,049,870</u>	<u>653,646</u>	<u>2,767,077</u>	<u>10,383,367</u>
Total liabilities and fund balances	<u>\$ 17,443,177</u>	<u>\$ 15,374,316</u>	<u>\$ 759,080</u>	<u>\$ 5,327,176</u>	<u>\$ 38,903,749</u>

Charter Township of West Bloomfield

Governmental Funds **Reconciliation of the Balance Sheet to the Statement of Net Assets** **December 31, 2005**

Fund Balances - Total Governmental Funds **\$ 10,383,367**

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	24,077,625
Special assessment receivables are expected to be collected over several years, and are not available to pay for current year expenditures	646,874
Special assessment refunds to be paid in the future, and do not represent a claim on current resources; therefore, they are not reported as fund liabilities	(214,800)
Leases and other receivables are expected to be collected over several years and are not available to pay for current year expenditures	7,637,682
The net pension asset is not a financial resource and is recorded only at the government-wide level	1,065,400
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(7,659,710)
Accrued interest in governmental activities is not reported in the funds	(63,125)
Employee compensated absences are payable over a long period of years, and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(1,697,977)
General liability claims will be paid in the future, and do not represent a claim on current resources; therefore, they are not reported as fund liabilities	<u>(737,802)</u>

Net Assets - Governmental Activities **\$ 33,437,534**

Charter Township of West Bloomfield

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended December 31, 2005

	General Fund	Public Safety Fund	Public Improvement and Building Fund	Other Governmental Funds	Total Governmental Funds
Revenue					
Property taxes	\$ 12,084,204	\$ 11,523,707	\$ -	-	\$ 23,607,911
Licenses and permits	991,078	-	-	-	991,078
State-shared revenues	4,990,905	-	-	506,812	5,497,717
Federal sources	-	-	-	450,785	450,785
Charges for services	1,393,837	1,000	-	-	1,394,837
Charges to other funds	891,517	-	-	-	891,517
District Court and other fines	1,421,439	-	-	-	1,421,439
Interest	584,158	255,500	19,631	106,714	966,003
Special assessments	-	-	-	600,545	600,545
Cable franchise fees and leases	1,020,544	-	-	334,789	1,355,333
Other	142,489	-	-	1,717,236	1,859,725
Total revenue	23,520,171	11,780,207	19,631	3,716,881	39,036,890
Expenditures					
Current:					
General government	5,045,590	3,996	-	-	5,049,586
District Court	1,158,286	-	-	-	1,158,286
Public safety:					
Police	6,598,314	4,672,954	-	43,711	11,314,979
Fire	6,777,712	4,858,404	-	-	11,636,116
Building inspection	1,120,399	-	-	-	1,120,399
Code enforcement	911,421	-	-	-	911,421
Public works	143,759	-	379,877	874,083	1,397,719
Community and economic development	1,103,210	-	-	-	1,103,210
Recreation and culture	25,932	-	-	456,057	481,989
Contribution to retiree health care	1,436,200	851,853	-	-	2,288,053
Capital outlay	-	189,852	-	964,885	1,154,737
Debt service	-	-	-	1,727,183	1,727,183
Total expenditures	24,320,823	10,577,059	379,877	4,065,919	39,343,678
Excess of Revenue Over (Under) Expenditures	(800,652)	1,203,148	(360,246)	(349,038)	(306,788)
Other Financing Sources (Uses)					
Transfers in	587,827	158,500	150,000	46,300	942,627
Transfers out	(196,300)	(548,043)	-	(207,255)	(951,598)
Total other financing sources (uses)	391,527	(389,543)	150,000	(160,955)	(8,971)
Net Change in Fund Balances	(409,125)	813,605	(210,246)	(509,993)	(315,759)
Fund Balances - Beginning of year	4,321,899	2,236,265	863,892	3,277,070	10,699,126
Fund Balances - End of year	<u>\$ 3,912,774</u>	<u>\$ 3,049,870</u>	<u>\$ 653,646</u>	<u>\$ 2,767,077</u>	<u>\$ 10,383,367</u>

Charter Township of West Bloomfield

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2005

Net Change in Fund Balances - Total Governmental Funds **\$ (315,759)**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	2,004,401
Depreciation expense	(1,448,695)
Asset disposals	(110,737)

Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 45 days of year end

88,103

Revenue reported in the statement of activities that does not provide current financial resources and is not reported as revenue in the governmental funds

(13,867)

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)

1,780,000

Change in accrued interest payable and other

2,044

Collection of building authority lease receivable is considered a revenue of the governmental funds, but not at the government-wide level

(1,355,000)

Employee sick and vacation pay is recorded in the statement of activities when earned, rather than when used

(313,930)

Special assessment refunds

(214,800)

Change in general liability claims

(251,269)

Change in net pension assets

(15,866)

Other miscellaneous expenses

7,133

Change in Net Assets of Governmental Activities

\$ (158,242)

Charter Township of West Bloomfield

Proprietary Fund - Water and Sewer Fund Statement of Net Assets December 31, 2005

	Enterprise Fund - Water and Sewer
Assets	
Current assets:	
Cash and cash equivalents	\$ 4,676,959
Receivables - Net	4,371,744
Due from other funds	<u>322,265</u>
Total current assets	9,370,968
Noncurrent assets:	
Restricted assets	12,229,855
Capital assets	<u>95,919,624</u>
Total noncurrent assets	<u>108,149,479</u>
Total assets	<u>117,520,447</u>
Liabilities	
Current liabilities:	
Accounts payable	2,047,019
Accrued and other liabilities	160,113
Due to other funds	<u>651,060</u>
Total current liabilities	2,858,192
Current liabilities payable from restricted assets:	
Accrued interest	14,142
Current portion of county bonds	<u>389,777</u>
Total current liabilities payable from restricted assets	403,919
Noncurrent liabilities - Long-term debt - Net of current portion	<u>1,463,828</u>
Total liabilities	<u>4,725,939</u>
Net Assets	
Investment in capital assets - Net of related debt	94,066,019
Restricted	12,215,713
Unrestricted	<u>6,512,776</u>
Total net assets	<u><u>\$ 112,794,508</u></u>

Charter Township of West Bloomfield

Proprietary Fund - Water and Sewer Fund Statement of Revenue, Expenses, and Changes in Net Assets Year Ended December 31, 2005

	Enterprise Fund - Water and Sewer
Operating Revenue	
Sale of water	\$ 10,707,804
Sewage disposal charges	8,316,482
Interest and penalty charges	359,774
Installation fees	82,141
Other charges for services	29,983
Total operating revenue	19,496,184
Operating Expenses	
Cost of water purchased	7,944,048
Cost of sewage treatment	5,390,700
Distribution and collection system	3,095,656
Billing and administrative costs	484,235
Municipal service charge	799,900
Depreciation	1,973,441
Total operating expenses	19,687,980
Operating Loss	(191,796)
Nonoperating Revenue (Expense)	
Investment income	479,711
Interest expense	(98,526)
Total nonoperating revenue - Net	381,185
Income - Before contributions and transfers	189,389
Capital Contributions	
Customer assessments (connection fees, transmission, and capital charges)	531,818
Water and sewer lines donated by developers	694,228
Total capital contributions	1,226,046
Interfund Transfers	8,971
Change in Net Assets	1,424,406
Net Assets - Beginning of year	111,370,102
Net Assets - End of year	<u><u>\$ 112,794,508</u></u>

Charter Township of West Bloomfield

Proprietary Fund - Water and Sewer Fund Statement of Cash Flows Year Ended December 31, 2005

	Enterprise Fund - Water and Sewer
Cash Flows from Operating Activities	
Receipts from customers	\$ 19,135,873
Payments to suppliers	(17,078,417)
Payments to employees	159,568
Internal activity - Payments from other funds	(773,955)
Net cash provided by operating activities	1,443,069
Cash Flows from Capital and Related Financing Activities	
Collection of customer assessments (principal and interest)	575,668
Purchase of capital assets	(706,461)
Principal and interest paid on capital debt	(504,149)
Net cash used in capital and related financing activities	(634,942)
Cash Flows from Noncapital Financing Activities - Interfund transfers	8,971
Cash Flows from Investing Activities - Interest received on investments	472,551
Net Increase in Cash and Cash Equivalents	1,289,649
Cash and Cash Equivalents - Beginning of year	14,744,908
Cash and Cash Equivalents - End of year	<u><u>\$ 16,034,557</u></u>
Statement of Net Assets Classification of Cash and Cash Equivalents	
Cash and investments	\$ 4,676,959
Restricted investments (Note 8)	11,357,598
Total cash and cash equivalents	<u><u>\$ 16,034,557</u></u>
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (191,796)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization	1,973,441
Changes in assets and liabilities:	
Receivables	(360,311)
Due from other funds	(119,167)
Accounts payable	(163,778)
Due to other funds	145,112
Accrued and other liabilities	159,568
Net cash provided by operating activities	<u><u>\$ 1,443,069</u></u>

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2005, the Water and Sewer Fund received approximately \$694,000 of lines donated by developers.

Charter Township of West Bloomfield

Fiduciary Funds Statement of Net Assets December 31, 2005

	Pension and Other Employee Benefits Trust Funds	Agency Funds
Assets		
Cash and cash equivalents (Note 3)	\$ 57,989,285	\$ 17,130,781
Investments (Note 3):		
Bonds	11,561,589	-
Real estate	1,827,799	-
Other	210,680	-
Due from other funds	261,213	-
Other assets	28,910	64
Total assets	71,879,476	<u>\$ 17,130,845</u>
Liabilities		
Accounts payable	57,088	\$ -
Due to other governments	-	14,398,151
Cash bonds and deposits	-	2,690,305
Other liabilities	-	42,389
Total liabilities	57,088	<u>\$ 17,130,845</u>
Net Assets - Held in trust for pension and other employee benefits	<u>\$ 71,822,388</u>	

Charter Township of West Bloomfield

Fiduciary Funds Statement of Changes in Net Assets Year Ended December 31, 2005

	Pension and Other Employee Benefits Trust Fund
Additions	
Investment income:	
Interest and dividends	\$ 1,081,977
Net increase in fair value of investments	4,009,326
Less investment expenses	<u>(211,135)</u>
Net investment income	4,880,168
Contributions:	
Employer	6,139,185
Employee	<u>235,488</u>
Total contributions	<u>6,374,673</u>
Total additions	11,254,841
Deductions	
Benefit payments	1,954,344
Administrative payments	<u>673,312</u>
Total deductions	<u>2,627,656</u>
Net Increase in Net Assets Held in Trust	8,627,185
Net Assets Held in Trust for Pension Benefits	
Beginning of year	<u>63,195,203</u>
End of year	<u><u>\$ 71,822,388</u></u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2005

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Charter Township of West Bloomfield (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of West Bloomfield:

Reporting Entity

The Charter Township of West Bloomfield is governed by an elected seven-member board of trustees. The accompanying financial statements present the Township and its blended component unit, an entity for which the Township is considered to be financially accountable. Although blended component units are legally separate entities, in substance, they are part of the Township's operations.

Blended Component Units - The Building Authority is governed by a board that is appointed by the Township. Although it is legally separate from the Township, it is reported as if it were part of the primary government because its sole purpose is to finance and construct the Township's public buildings.

Jointly Governed Organization - The Township is a participant with Bloomfield Township, the City of Birmingham, and the City of Bloomfield Hills in the operations of the 48th District Court. The Township advances its allocated share of District Court expenditures and receives a share of the District Court revenue based on relative case load levels. The Township's share of District Court expenditures amounted to \$1,057,991 for the year ended December 31, 2005, and its share of revenue amounted to \$1,153,416. The Township is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete audited financial statements for the District Court can be obtained from the District Court's administrative offices at 4280 Telegraph Road in Bloomfield Township.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2005

Note I - Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2005

Note 1 - Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Public Safety Fund - The Public Safety Fund accounts for the levy of a special millage for police and fire services.

Public Improvement and Building Fund - The Public Improvement and Building Fund finances and constructs all major capital improvement projects of the Township other than special assessment and enterprise projects.

Water and Sewer Fund - The Township reports a single Enterprise Fund, the Water and Sewer Fund. This fund accounts for the purchase of water from Detroit and its distribution to Township water users; it also accounts for the collection of sanitary sewage and its transportation to the Detroit treatment plant.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2005

Note 1 - Summary of Significant Accounting Policies (Continued)

Additionally, the Township reports the following fund types:

Pension and Other Employee Benefits Trust Funds - The Pension and Other Employee Benefits Trust Funds account for the activities of the employees' retirement system, which accumulates resources for pension benefit payments to qualified general and police and fire employees and the Postretirement Health Care Plan, which accumulates resources to fund the Township's obligation to provide health care benefits to retirees.

Agency Funds - The Agency Funds account for assets held by the Township in a trustee capacity. This includes primarily tax collections on behalf of the other governmental taxing units (county, schools, etc.), developer bonds and deposits, and amounts held for the Parks and Recreation Commission. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, billing and administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2005

Note 1 - Summary of Significant Accounting Policies (Continued)

Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year.

The Township's 2004 tax is levied and collectible on December 1, 2004, and is recognized as revenue in the year ended December 31, 2005, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2004 taxable valuation of the Township totaled \$3.66 billion, on which taxes levied consisted of 3.3056 mills for operating purposes and 3.1654 mills for police and fire services. This resulted in approximately \$12.1 million for operating and \$11.5 million for police and fire services. These amounts are recognized in the respective General Fund and Special Revenue Fund financial statements as tax revenue.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Investment income from pooled investments is generally allocated to each fund using a weighted average method.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2005

Note 1 - Summary of Significant Accounting Policies (Continued)

Restricted Assets - Customer assessments (connection fees, transmission, and capital charges) collected by the Water and Sewer Fund have been restricted for future debt service payments and capital costs, in accordance with Township ordinance. In addition, assets held at Oakland County are legally restricted for payment of debt and additional capital projects.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$4,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Water and sewer distribution systems	25 to 75 years
Buildings and building improvements	40 to 50 years
Land improvements	20 to 25 years
Bike paths	20 to 25 years
Vehicles	3 to 5 years
Office furnishings	20 to 25 years
Other tools and equipment	5 to 7 years

Compensated Absences (Vacation and Sick Leave) - It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A liability is calculated for a portion of the unused sick and vacation balances, not to exceed specific policy limits. All sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2005

Note 1 - Summary of Significant Accounting Policies (Continued)

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Balance/Net Assets - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2005

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees - The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Shortfall - January 1, 2005		\$ (1,118,559)
Current year building permit revenue		991,078
Related expenses:		
Direct costs	\$ 1,120,399	
Estimated indirect costs	<u>459,497</u>	
Total construction code expenses		<u>1,579,896</u>
Cumulative shortfall - December 31, 2005		<u><u>\$ (1,707,377)</u></u>

The Township had fund deficits in the Safety Path Fund, the Grant Fund, and the Parks and Recreation Capital Fund at December 31, 2005.

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2005

Note 3 - Deposits and Investments (Continued)

The Pension Trust Fund and Retiree Health Care Fund are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Township has designated one bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs. The Township's deposits and investment policies are in accordance with statutory authority.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. When selecting a bank, the following criteria are examined:

- Assets of at least \$100 million
- A Sheshunoff rating of at least 30, or primary capital as a percent of total assets as follows:
 - 5.50 percent for > \$500 million total assets
 - 7.00 percent for \$300 - \$499 million total assets
 - 7.25 percent for \$100 - \$299 million total assets

At year end, the Township had \$45,972,500 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2005

Note 3 - Deposits and Investments (Continued)

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows: The Township will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools
- Ensuring that no more than 10 percent of the portfolio may be invested beyond 12 months, except for monies in debt retirement not needed for current debt payments, and the weighted average maturity of the portfolio shall never exceed one year. Investment maturities shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures, as well as considering sizeable blocks of anticipated revenue.

At year end, the Township had approximately \$6,299,000 invested in U.S. governmental or agency bonds or notes with a weighted average maturity of 383 days.

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the Township had fixed investments with the following credit ratings:

Type of Investment	Amount	Rating	Agency
Investment pools	\$ 1,000,000	AAA	Moody's
	2,447	AAAM	S & P
	1,053	Aaa	Moody's
	3,059,529	AI	Moody's
	1,052,809	Not rated	
U.S. Agency obligations	2,800,483	AAA	S & P

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2005

Note 4 - Receivables

Receivables as of year end for the Township's individual major funds and the nonmajor and fiduciary funds in the aggregate are as follows:

	General Fund	Public Safety	Public Improvement and Building	Nonmajor and Other Funds	Total
Receivables:					
Taxes	\$ 6,095,614	\$ 5,823,625	\$ -	\$ 556,111	\$ 12,475,350
Special assessments	-	-	-	586,872	586,872
Other governmental units	141,112	56,705	139,009	19,560	356,386
Interest and other	<u>517,330</u>	<u>28,887</u>	<u>190,366</u>	<u>104,644</u>	<u>841,227</u>
Net receivables	<u>\$ 6,754,056</u>	<u>\$ 5,909,217</u>	<u>\$ 329,375</u>	<u>\$ 1,267,187</u>	14,259,835
Accrued interest receivable					51,350
State-shared revenue payment and other, received in fiscal year 2006, earned in 2005					<u>816,332</u>
Total					<u>\$ 15,127,517</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Property taxes levied for 2005 budget	\$ -	\$ 25,897,069
Special assessments	586,874	-
Other	<u>60,000</u>	<u>-</u>
Total	<u>\$ 646,874</u>	<u>\$ 25,897,069</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2005

Note 5 - Capital Assets

Capital asset activity of the Township's governmental and business-type activities was as follows:

	Balance January 1, 2005	Additions	Disposals	Balance December 31, 2005
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 1,607,980	\$ 6,790	\$ -	\$ 1,614,770
Construction in progress	147,926	85,174	147,926	85,174
Subtotal	1,755,906	91,964	147,926	1,699,944
Capital assets being depreciated:				
Buildings and improvements	13,447,541	96,697	12,179	13,532,059
Land improvements	2,452,744	240,030	-	2,692,774
Bike paths	11,195,355	424,547	227,102	11,392,800
Vehicles	5,447,767	543,869	346,797	5,644,839
Office furnishings	970,813	10,990	60,000	921,803
Other tools and equipment	3,351,366	821,593	262,863	3,910,096
Subtotal	36,865,586	2,137,726	908,941	38,094,371
Accumulated depreciation:				
Buildings and improvements	3,425,730	340,907	9,755	3,756,882
Land improvements	738,793	87,400	-	826,193
Bike paths	5,600,505	290,303	128,201	5,762,607
Vehicles	2,900,530	418,531	289,992	3,029,069
Office furnishings	447,663	37,300	36,600	448,363
Other tools and equipment	1,828,040	274,253	208,717	1,893,576
Subtotal	14,941,261	1,448,694	673,265	15,716,690
Net capital assets being depreciated	21,924,325	689,032	235,676	22,377,681
Net capital assets	<u>\$ 23,680,231</u>	<u>\$ 780,996</u>	<u>\$ 383,602</u>	<u>\$ 24,077,625</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2005

Note 5 - Capital Assets (Continued)

Business-type Activities	Balance January 1, 2005	Additions	Disposals and Adjustments	Balance December 31, 2005
Capital assets not being depreciated:				
Land	\$ 485,460	\$ -	\$ -	\$ 485,460
Construction in progress	2,604,103	-	2,604,103	-
Subtotal	3,089,563	-	2,604,103	485,460
Capital assets being depreciated:				
Water and sewer distribution systems	125,336,584	3,889,645	195,190	129,031,039
Buildings and building improvements	1,344,604	21,878	-	1,366,482
Other improvements	130,133	9,733	-	139,866
Other tools and equipment	2,462,070	83,537	25,867	2,519,740
Subtotal	129,273,391	4,004,793	221,057	133,057,127
Accumulated depreciation:				
Water and sewer distribution systems	33,616,597	1,789,026	195,189	35,210,434
Buildings and building improvements	633,127	29,877	-	663,004
Other improvements	64,807	4,344	-	69,151
Other tools and equipment	1,556,047	150,194	25,867	1,680,374
Subtotal	35,870,578	1,973,441	221,056	37,622,963
Net capital assets being depreciated	93,402,813	2,031,352	1	95,434,164
Net capital assets	<u>\$ 96,492,376</u>	<u>\$ 2,031,352</u>	<u>\$ 2,604,104</u>	<u>\$ 95,919,624</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2005

Note 5 - Capital Assets (Continued)

Depreciation expense was charged to programs as follows:

Governmental activities:

General government	\$ 182,613
Public safety:	
Police	425,841
Fire	428,119
Building inspection	7,670
Code enforcement	12,990
Public works	351,301
Community and economic development	4,418
Recreation and culture	<u>35,742</u>
Total governmental activities	<u>\$ 1,448,694</u>

Construction Commitments - The Township has no significant construction contracts at year end.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2005

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Governmental funds:		
General Fund	Water and Sewer Fund	\$ 650,944
	Drains at Large Fund	54,188
	Special Assessment Districts	68,518
	Parks and Recreation Capital Fund	22
	Public Safety Fund	95,838
Public Improvement and Building Fund	Drug forfeiture fund	52,918
Nonmajor governmental funds	Nonmajor governmental funds	<u>3,349</u>
Subtotal - Governmental funds		925,777
Enterprise Funds - Water and Sewer Fund	Special Assessment Districts	322,265
Fiduciary Funds - Postretirement Health Care Fund	Special Assessment Districts	<u>261,213</u>
Total interfund balances		<u><u>\$ 1,509,255</u></u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are comprised of the following:

Fund Providing Resources	Fund Receiving Resources	Amount
General Fund	Public Improvement and Building Fund	\$ 150,000
General Fund	Safety Path Fund	46,300
Public Safety Fund	General Fund	548,043
Drug Enforcement Fund	Public Safety Fund	158,500
Grant Fund	General Fund	39,784
Special Assessment Funds	Water and Sewer Fund	<u>8,971</u>
Total		<u><u>\$ 951,598</u></u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2005

Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

The transfer from the General Fund to the Public Improvement Fund represents the annual amount set aside of unrestricted General Fund resources for future capital improvements. The transfer from the General Fund to the Safety Path Fund represents a loan to cover preliminary engineering costs in advance of receiving tax monies. The transfer from the Public Safety Fund to the General Fund is to cover one-half of the Fire Department's expenses. The transfer from the Drug Enforcement Fund to the Public Safety Fund represents the transfer of drug forfeiture resources to be used to enhance drug enforcement efforts. The transfer from the Grant Fund to the General Fund represents Right-Of-Way monies used to pay for streetlighting costs. The transfer from the Special Assessments Funds to the Water and Sewer Fund is to close out completed assessments.

Note 7 - Long-term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. County contractual agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. At December 31, 2005, the Township had the following debt outstanding:

Governmental Activities	Principal Outstanding
<u>Building Authority Bonds:</u>	
1997 Building Authority bond for Library improvements, with interest ranging from 4.4% to 4.8%, maturing in 2012	\$ 5,525,000
1998 Building Authority bond for Parks and Recreation Land Acquisition, with interest ranging from 3.9% to 3.95%, maturing in 2007	550,000
1998 Building Authority bond for purchase of Parks and Recreation Potomac Club, with interest of 3.55%, maturing in 2007	695,000

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2005

Note 7 - Long-term Debt (Continued)

	Principal Outstanding
<u>Special Assessment Bonds:</u>	
1993 special assessment bonds for SAD #102, with interest of 7.4%, maturing in 2006	\$ 25,000
1999 special assessment bonds for SAD #117, with interest ranging from 4.9% to 5%, maturing in 2008	150,000
2000 special assessment bonds for SAD #127, with interest of 4.9%, maturing in 2009	240,000
2001 special assessment bonds for SAD #129, with interest ranging from 4.85% to 5.1%, maturing in 2015	<u>420,000</u>
Total governmental activities	<u>\$ 7,605,000</u>
 Business-type Activities	
<u>County Contractual Obligations:</u>	
1992 Oakland County contract obligation for the Evergreen-Farmington sewage disposal system, with interest ranging from 3.5% to 4.85%, maturing in 2009	\$ 268,925
2001 Oakland County contract obligation for the Evergreen-Farmington sewage disposal system, with interest of 5.1%, maturing in 2009	<u>1,584,680</u>
Total business-type activities	<u>\$ 1,853,605</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2005

Note 7 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Building Authority bonds	\$ 8,125,000	\$ -	\$ 1,355,000	\$ 6,770,000	\$ 1,390,000
Special assessment bonds	1,260,000	-	425,000	835,000	175,000
Total governmental activities	9,385,000	-	1,780,000	7,605,000	1,565,000
Business-type Activities -					
County contract obligations	2,252,136	-	398,531	1,853,605	389,777
Total long-term debt	<u>\$ 11,637,136</u>	<u>\$ -</u>	<u>\$ 2,178,531</u>	<u>\$ 9,458,605</u>	<u>\$ 1,954,777</u>

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2006	\$ 1,565,000	\$ 319,779	\$ 1,884,779	\$ 389,777	\$ 83,996	\$ 473,773
2007	1,555,000	251,531	1,806,531	452,646	66,538	519,184
2008	925,000	195,883	1,120,883	474,136	45,732	519,868
2009	900,000	152,440	1,052,440	475,134	23,509	498,643
2010	840,000	109,260	949,260	61,912	1,083	62,995
2011-2015	1,820,000	110,972	1,930,972	-	-	-
Total	<u>\$ 7,605,000</u>	<u>\$ 1,139,865</u>	<u>\$ 8,744,865</u>	<u>\$ 1,853,605</u>	<u>\$ 220,858</u>	<u>\$ 2,074,463</u>

The future minimum lease payments for all capital leases are \$54,710 for December 31, 2005.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2005

Note 8 - Restricted Assets

The Township's water and sewer ordinances require the proceeds from certain revenues to be segregated and used for specific purposes. Restricted assets are composed of the following:

Cash and investments	\$ 11,357,598
Customer assessments receivable	751,249
Due from other governmental units	11,526
Accrued interest and other receivables	91,408
Assets held by Oakland County	<u>18,074</u>
Total restricted assets	<u>\$ 12,229,855</u>

Assets are restricted for the following purposes:

Bond interest and redemption	\$ 11,001,857
Reserve, depreciation, and improvement	1,209,924
Assets held at Oakland County	<u>18,074</u>
Total restricted assets	<u>\$ 12,229,855</u>

Note 9 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical benefit claims and participates in the Michigan Municipal Risk Management Authority risk pool for claims relating to property loss, torts, and errors and omissions, and the Michigan Municipal League risk pool for claims relating to employee injuries (workers' compensation). Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2005

Note 9 - Risk Management (Continued)

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Township.

The Township estimates the liability for general claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	2005	2004
Unpaid claims - Beginning of year	\$ 482,443	945,000
Incurred claims (including claims incurred but not reported, and changes in estimates)	1,088,026	432,084
Claim payments	(832,667)	(894,641)
Unpaid claims - End of year	<u>\$ 737,802</u>	<u>\$ 482,443</u>

Note 10 - Defined Benefit Pension Plan

Plan Description - The Township contributes to a single-employer defined benefit pension plan that covers police and fire employees and the general office, water and sewer, and parks and recreation department employees. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. At December 31, 2004, the date of the most recent actuarial valuation, membership consisted of 142 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them, and 322 current active employees. The plan does not issue a separate financial report.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2005

Note 10 - Defined Benefit Pension Plan (Continued)

Contributions - Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Please refer to Note 1 for further significant accounting policies.

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining units and requires a contribution from police and fire employees of 2 percent (there is no contribution requirement from the other employees). The funding policy provides for periodic employer contributions at actuarially determined rates.

Annual Pension Cost - For the year ended December 31, 2005, the Township's annual pension cost of approximately \$3,751,000 for the plan was equal to the Township's required contribution of approximately \$3,703,000 less interest of approximately \$83,000 on the net pension asset, plus an adjustment to the actuarially required contribution of approximately \$131,000. The Township's actual contribution was approximately \$3,703,000. The annual required contribution was determined as part of an actuarial valuation at December 31, 2002, using the individual entry age normal cost method. Significant actuarial assumptions used include (a) a 7.5 investment rate of return, (b) projected salary increases of 4.5 percent to 17.5 percent per year, and (c) a 3 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 16 years.

Trend Information

Fiscal Year Ended December 31	Annual Pension Cost	Percent Contributed	Net Pension Asset
1999	\$ 1,840,000	103	\$ 760,000
2000	2,063,000	106	877,000
2001	2,007,000	112	1,113,000
2002	2,405,000	93	945,000
2003	2,713,000	108	1,169,000
2004	3,162,000	99	1,113,000
2005	3,751,000	100	1,065,400

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2005

Note 10 - Defined Benefit Pension Plan (Continued)

Actuarial Valuation as of December 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio (Percent)	Covered Payroll	UAAL as a Percentage of Covered Payroll
1999	\$ 40,296,028	\$ 40,572,119	\$ 276,091	99.3	\$ 13,559,230	2.0
2000	44,525,864	46,607,033	2,081,169	95.5	14,312,511	14.5
2001	47,531,143	54,307,871	6,776,728	87.5	15,070,910	45.0
2002	49,074,431	59,794,263	10,719,832	82.1	15,784,191	67.9
2003	51,622,204	64,597,088	12,974,884	79.9	17,106,766	75.8
2004	54,912,591	73,201,404	18,288,813	75.0	19,162,317	95.4

Note 11 - Defined Contribution Pension Plan

The Township provides additional pension benefits to most employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by Township Board resolution, for years after 2003, the Township contributes 10 to 12 percent of employees' gross earnings and employees contribute 1 percent to 10 percent. In accordance with these requirements, the Township contributed approximately \$1,013,000 and the employees contributed \$297,000.

Note 12 - Other Postemployment Benefits

The Township has elected to provide postemployment health benefits to all full-time employees upon retirement, in accordance with labor contracts. The Township includes pre-Medicare retirees and their dependents in its insured health care plan, with no contribution required by the participant. Currently, 57 retirees are eligible for postemployment health benefits. For the fiscal year ended December 31, 2005, the Township made payments for postemployment health benefit premiums of \$668,753. The benefits are paid annually from the Postretirement Health Care Fund. The government obtains health care coverage through private insurers.

The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2008.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2005

Note 13 - Subsequent Event

In January 2006, the Township completed the issuance of the Jacob's Drain bonds, Series 2005A, in the amount of \$2,760,000.

Required Supplemental Information

Charter Township of West Bloomfield

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2005

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenue				
Property taxes	\$ 12,069,400	\$ 12,080,300	\$ 12,084,204	\$ 3,904
Building permits	1,220,000	1,020,100	991,078	(29,022)
Cable franchise fees	773,200	775,800	781,117	5,317
State-shared revenue	5,008,700	4,983,800	4,990,905	7,105
Plan and site review	30,000	22,600	23,860	1,260
Fines and permits	510,200	513,950	523,138	9,188
Engineering fees	120,000	194,600	186,560	(8,040)
Administrative fees	855,400	906,700	891,517	(15,183)
District Court	1,145,000	1,204,600	1,187,469	(17,131)
Interest on investments	200,000	500,000	584,158	84,158
Contribution from Tri-Cities fire	597,319	597,318	597,319	1
EMS transport fees	322,600	216,900	245,059	28,159
Miscellaneous revenue	377,500	412,112	433,787	21,675
Transfer in from public safety millage	-	548,043	548,043	-
Total revenue	23,229,319	23,976,823	24,068,214	91,391
Expenditures				
Township Board	51,100	36,180	36,498	(318)
Supervisor	252,825	243,130	233,341	9,789
Elections	81,530	95,530	42,843	52,687
General services	582,397	588,203	532,462	55,741
Finance	557,862	567,995	560,997	6,998
Information technology	742,698	719,396	662,195	57,201
Assessor	1,069,323	1,040,012	959,301	80,711
Clerk	880,632	868,507	856,793	11,714
Personnel	251,625	247,634	239,297	8,337
Treasurer	641,393	646,071	640,206	5,865
Town Hall building and grounds	58,300	231,240	237,682	(6,442)
Pension Board	61,207	42,927	43,975	(1,048)
District Court	1,111,467	1,159,180	1,158,286	894
Police	6,419,288	6,652,970	6,598,314	54,656

(Continued on next page)

Charter Township of West Bloomfield

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended December 31, 2005

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (Continued)				
Fire	\$ 6,515,280	\$ 6,847,319	\$ 6,777,712	\$ 69,607
Building and inspection	1,131,859	1,121,855	1,120,399	1,456
Code enforcement	595,194	540,400	537,056	3,344
Engineering	630,544	613,164	586,541	26,623
Planning and zoning	573,631	505,824	516,669	(10,845)
Environmental	434,976	401,357	374,365	26,992
Community assistance	184,560	180,000	143,759	36,241
Cable TV administration	51,282	29,140	25,932	3,208
Total expenditures	<u>22,878,973</u>	<u>23,378,034</u>	<u>22,884,623</u>	<u>493,411</u>
Excess of Revenue Over Expenditures	350,346	598,789	1,183,591	584,802
Transfers Out - Postretirement, Public Improvement Funds)	-	(1,239,900)	(1,632,500)	(392,600)
Transfers In - Other funds	<u>-</u>	<u>-</u>	<u>39,784</u>	<u>39,784</u>
Total transfers	<u>-</u>	<u>(1,239,900)</u>	<u>(1,592,716)</u>	<u>(352,816)</u>
Surplus (Shortfall)	350,346	(641,111)	(409,125)	231,986
Fund Balance - Beginning of year	<u>4,312,899</u>	<u>4,321,899</u>	<u>4,321,899</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 4,663,245</u>	<u>\$ 3,680,788</u>	<u>\$ 3,912,774</u>	<u>\$ 231,986</u>

Charter Township of West Bloomfield

Required Supplemental Information Budgetary Comparison Schedule Public Safety Fund Year Ended December 31, 2005

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 11,532,000	\$ 11,518,000	\$ 11,523,707	\$ 5,707
Grants	-	-	1,000	1,000
Interest on investments	68,000	245,000	255,500	10,500
Total revenue	11,600,000	11,763,000	11,780,207	17,207
Expenditures				
Police salaries, fringes, and supplies	4,569,816	4,603,035	4,485,535	117,500
Fire salaries, fringes, and supplies	4,705,395	5,004,356	4,807,657	196,699
Police equipment	273,926	273,926	187,419	86,507
Fire equipment	629,580	-	50,747	(50,747)
Police and fire facilities	-	58,873	189,852	(130,979)
Retiree health contribution	851,853	851,853	851,853	-
Other	15,000	15,000	3,996	11,004
Total expenditures	11,045,570	10,807,043	10,577,059	229,984
Excess of Revenue Over				
Expenditures	554,430	955,957	1,203,148	247,191
Transfers to Other Funds	-	(548,043)	(548,043)	-
Transfers from Other Funds	145,500	158,500	158,500	-
Total transfers	145,500	(389,543)	(389,543)	-
Surplus	699,930	566,414	813,605	247,191
Fund Balance - Beginning of year	2,236,265	2,236,265	2,236,265	-
Fund Balance - End of year	<u>\$ 2,936,195</u>	<u>\$ 2,802,679</u>	<u>\$ 3,049,870</u>	<u>\$ 247,191</u>

Charter Township of West Bloomfield

Required Supplemental Information Budgetary Comparison Schedule Public Improvement and Building Fund Year Ended December 31, 2005

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues - Interest on investments	\$ 11,000	\$ 18,250	\$ 19,631	\$ 1,381
Expenditures				
Bike path construction	66,000	96,000	94,194	1,806
Bike path maintenance	90,000	25,000	20,673	4,327
Parking lot improvements	375,000	61,500	58,859	2,641
Building construction and improvements	243,000	237,000	194,776	42,224
Civic center	55,000	193,500	11,375	182,125
Total expenditures	829,000	613,000	379,877	233,123
Excess of Expenditures Over Revenues	(818,000)	(594,750)	(360,246)	234,504
Transfers In	400,000	150,000	150,000	-
Shortfall	(418,000)	(444,750)	(210,246)	234,504
Fund Balance - Beginning of year	863,892	863,892	863,892	-
Fund Balance - End of year	<u>\$ 445,892</u>	<u>\$ 419,142</u>	<u>\$ 653,646</u>	<u>\$ 234,504</u>

Charter Township of West Bloomfield

Note to Required Supplemental Information December 31, 2005

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds except that operating transfers and debt proceeds are included in the “revenue” and “expenditures” categories, rather than as “other financing sources (uses).”

The budget is prepared by the budget director under the direction of the Township Supervisor, and submitted to the Township Board for review and approval. The Township Board adopts the budget prior to December 31 of each year. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds - As reported in the budgetary comparison schedules, the Township expended in excess of budget appropriations in the following categories:

- General Fund - Township Board, Town Hall Buildings and Grounds, Pension Board, Planning and Zoning, Community Assistance and Transfers Out
- Public Safety Fund - Fire Equipment, Police and Fire Facilities

Other Supplemental Information

Charter Township of West Bloomfield

	Special Revenue Funds				
	Safety Paths	Grant Fund	Drug Enforcement	Special Assessment Districts	Cable
Assets					
Cash and investments	\$ 390,801	\$ (23,966)	\$ 1,060,038	\$ 57,016	\$ 846,493
Accounts receivables:					
Property taxes	367,951	-	-	-	-
Special assessments	-	-	-	-	-
Other governmental units	-	-	-	-	-
Other	-	7,750	6,388	-	90,047
Due from other funds	-	-	-	-	1,660
Total assets	<u>\$ 758,752</u>	<u>\$ (16,216)</u>	<u>\$ 1,066,426</u>	<u>\$ 57,016</u>	<u>\$ 938,200</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 26,065	\$ 6,769	\$ 19,551	\$ 2,275	\$ 4,870
Due to other funds	-	-	52,918	845	-
Due to other governmental units	-	-	-	13,003	-
Deferred revenue	762,228	-	-	-	-
Deposits	-	-	-	-	-
Total liabilities	788,293	6,769	72,469	16,123	4,870
Fund Balances - Unreserved	<u>(29,541)</u>	<u>(22,985)</u>	<u>993,957</u>	<u>40,893</u>	<u>933,330</u>
Total liabilities and fund balances	<u>\$ 758,752</u>	<u>\$ (16,216)</u>	<u>\$ 1,066,426</u>	<u>\$ 57,016</u>	<u>\$ 938,200</u>

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2005**

Debt Service Funds			Capital Projects Funds		Total
Building Authority Debt	Drains at Large	Special Assessment Districts	Parks and Recreation Capital Fund	Special Assessment Districts	Nonmajor Governmental Funds
\$ 3,500	\$ 219,537	\$ 450,648	\$ -	\$ 1,052,573	\$ 4,056,640
-	188,160	-	-	-	556,111
-	-	135,714	-	451,158	586,872
-	-	9,573	-	9,987	19,560
-	(1)	-	-	460	104,644
-	-	1,689	-	-	3,349
<u>\$ 3,500</u>	<u>\$ 407,696</u>	<u>\$ 597,624</u>	<u>\$ -</u>	<u>\$ 1,514,178</u>	<u>\$ 5,327,176</u>
\$ -	\$ -	\$ -	\$ -	\$ 26,363	\$ 85,893
-	-	24,655	22	628,069	706,509
3,080	-	-	-	-	16,083
-	389,711	135,717	-	451,159	1,738,815
-	12,799	-	-	-	12,799
3,080	402,510	160,372	22	1,105,591	2,560,099
420	5,186	437,252	(22)	408,587	2,767,077
<u>\$ 3,500</u>	<u>\$ 407,696</u>	<u>\$ 597,624</u>	<u>\$ -</u>	<u>\$ 1,514,178</u>	<u>\$ 5,327,176</u>

Charter Township of West Bloomfield

	Special Revenue Funds				
	Safety Paths	Grant Fund	Drug Enforcement	Special Assessment Districts	Cable
Revenue					
State sources	\$ -	\$ 439,004	\$ 67,808	\$ -	\$ -
Federal sources	-	-	450,785	-	-
Interest income	-	281	28,495	873	25,555
Special assessments	-	-	-	42,554	-
Cable franchise fees	-	-	-	-	334,789
Other	-	-	50	-	-
Total revenue	-	439,285	547,138	43,427	360,344
Expenditures					
Current:					
Police	-	-	43,711	-	-
Public works	74,569	-	-	44,027	-
Recreation and culture	-	-	-	-	456,057
Community assistance	-	452,254	-	-	-
Capital outlay	-	-	282,269	-	-
Debt service	-	-	-	-	-
Total expenditures	74,569	452,254	325,980	44,027	456,057
Excess of Revenue Over (Under) Expenditures	(74,569)	(12,969)	221,158	(600)	(95,713)
Other Financing Sources (Uses)					
Transfers in	46,300	-	-	-	-
Transfers out	-	(39,784)	(158,500)	-	-
Total other financing sources (uses)	46,300	(39,784)	(158,500)	-	-
Net Change in Fund Balances	(28,269)	(52,753)	62,658	(600)	(95,713)
Fund Balances (Deficit) - Beginning of year	(1,272)	29,768	931,299	41,493	1,029,043
Fund Balances (Deficit) - End of year	<u>\$ (29,541)</u>	<u>\$ (22,985)</u>	<u>\$ 993,957</u>	<u>\$ 40,893</u>	<u>\$ 933,330</u>

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2005

Debt Service Funds			Capital Projects Funds		Total
Building Authority Debt	Drains at Large	Special Assessment Districts	Parks and Recreation Capital Fund	Special Assessment Districts	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 506,812
-	-	-	-	-	450,785
2,136	872	19,606	-	28,896	106,714
-	-	68,613	-	489,378	600,545
-	-	-	-	-	334,789
<u>1,692,186</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>1,717,236</u>
1,694,322	872	88,219	-	543,274	3,716,881
-	-	-	-	-	43,711
-	15,587	1,035	-	286,611	421,829
-	-	-	-	-	456,057
-	-	-	-	-	452,254
-	-	372,374	2,501	307,741	964,885
<u>1,692,186</u>	<u>6,597</u>	<u>28,400</u>	<u>-</u>	<u>-</u>	<u>1,727,183</u>
<u>1,692,186</u>	<u>22,184</u>	<u>401,809</u>	<u>2,501</u>	<u>594,352</u>	<u>4,065,919</u>
2,136	(21,312)	(313,590)	(2,501)	(51,078)	(349,038)
-	-	-	-	-	46,300
<u>-</u>	<u>-</u>	<u>(8,971)</u>	<u>-</u>	<u>-</u>	<u>(207,255)</u>
<u>-</u>	<u>-</u>	<u>(8,971)</u>	<u>-</u>	<u>-</u>	<u>(160,955)</u>
2,136	(21,312)	(322,561)	(2,501)	(51,078)	(509,993)
<u>(1,716)</u>	<u>26,498</u>	<u>759,813</u>	<u>2,479</u>	<u>459,665</u>	<u>3,277,070</u>
<u>\$ 420</u>	<u>\$ 5,186</u>	<u>\$ 437,252</u>	<u>\$ (22)</u>	<u>\$ 408,587</u>	<u>\$ 2,767,077</u>

Charter Township of West Bloomfield

Other Supplemental Information Combining Statement of Net Assets Pension and Other Employee Benefit Trust Funds December 31, 2005

	Pension Trust Fund and Other Employee Benefits Trust Fund		
	Post- retirement		
	Pension	Health Care	Totals
Assets			
Cash and investments:			
Corporate bonds	\$ 11,561,589	\$ -	\$ 11,561,589
Real estate	1,827,799	-	1,827,799
Other investments	210,680	-	210,680
Cash equivalents	46,402,066	11,587,219	57,989,285
Receivables	-	28,910	28,910
Due from other funds	-	261,213	261,213
Total assets	<u>\$ 60,002,134</u>	<u>\$ 11,877,342</u>	<u>\$ 71,879,476</u>
Liabilities and Net Assets			
Liabilities - Accounts payable	\$ 43,625	\$ 13,463	\$ 57,088
Net Assets - Held in trust for Pension and Other Employee Benefits Trust Fund	<u>59,958,509</u>	<u>11,863,879</u>	<u>71,822,388</u>
Total liabilities and net assets	<u>\$ 60,002,134</u>	<u>\$ 11,877,342</u>	<u>\$ 71,879,476</u>

Charter Township of West Bloomfield

Other Supplemental Information Combining Statement of Assets and Liabilities Agency Funds December 31, 2005

	Agency Funds				
	Trust and Agency	Parks and Recreation Fund	Bond Refund	Escrow	Totals
Assets					
Cash and investments	\$ 13,795,236	\$ 645,304	\$ 678,665	\$ 2,011,576	\$ 17,130,781
Receivables	-	-	-	64	64
Total assets	<u>\$ 13,795,236</u>	<u>\$ 645,304</u>	<u>\$ 678,665</u>	<u>\$ 2,011,640</u>	<u>\$ 17,130,845</u>
Liabilities					
Accrued and other liabilities	\$ 42,389	\$ -	\$ -	\$ -	\$ 42,389
Due to other governmental units	13,752,847	645,304	-	-	14,398,151
Cash bonds and deposits	-	-	678,665	2,011,640	2,690,305
Total liabilities	<u>\$ 13,795,236</u>	<u>\$ 645,304</u>	<u>\$ 678,665</u>	<u>\$ 2,011,640</u>	<u>\$ 17,130,845</u>

Charter Township of West Bloomfield

Other Supplemental Information Combining Statement of Changes in Net Assets Pension and Other Employee Benefit Trust Funds Year Ended December 31, 2005

	Pension	Postretirement Health Care	Totals
Additions			
Investment income:			
Interest and dividends	\$ 759,326	\$ 322,651	\$ 1,081,977
Net increase in fair value of investments	3,728,043	281,283	4,009,326
Less investment expenses	(211,135)	-	(211,135)
Net investment income	4,276,234	603,934	4,880,168
Contributions:			
Employer	3,703,588	2,435,597	6,139,185
Employee	235,488	-	235,488
Total contributions	3,939,076	2,435,597	6,374,673
Total additions	8,215,310	3,039,531	11,254,841
Deductions			
Benefit payments	1,954,344	-	1,954,344
Administrative expenses	-	673,312	673,312
Total deductions	1,954,344	673,312	2,627,656
Net Increase in Net Assets Held	6,260,966	2,366,219	8,627,185
Net Assets Held in Trust for Pension Benefits			
Beginning of year	53,697,543	9,497,660	63,195,203
End of year	<u>\$ 59,958,509</u>	<u>\$ 11,863,879</u>	<u>\$ 71,822,388</u>

April 12, 2006

Board of Trustees
Charter Township of West Bloomfield
4550 Walnut Lake Road
West Bloomfield, MI 48325

Dear Board Members:

We recently completed our audit of the basic financial statements of the Charter Township of West Bloomfield for the year ended December 31, 2005. As a result of our audit, we have the following comments and recommendations for your review and consideration, both of which have been mentioned in previous years.

Compensated Absences

During the audit, we noted that the accumulation of sick, vacation and comp time continues to be kept track of manually. We recommend that the Township consider the cost/ benefit of using its accounting software to accumulate this information electronically. We believe that this could the amount of time needed to maintain this information, and reduce the potential for data errors.

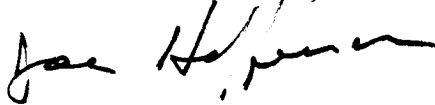
Water and Sewer Customer Accounts Receivable General Ledger Activity

As mentioned in previous years, the Township is not reconciling the customer receivables subledger to the general ledger regularly. This resulted in an end of the year unreconciled difference of \$19,249. It is important for this reconciliation process to take place on a monthly basis so that any differences can be investigated and resolved in a timely fashion. This process will also help to ensure that the balance reported in the general ledger is accurate and the accounts receivable operating system is working properly.

We would like to thank the Township for the continued opportunity to serve as your auditors. We would be happy to answer any questions or concerns you have regarding the annual financial report and the above recommendations at your convenience.

Very truly yours,

PLANTE & MORAN, PLLC



Joseph C. Heffernan